

**CALIFORNIA BOATING LAW
HARBORS AND NAVIGATION CODE 500-509**

Article 4 - Boaters Lien Law

500. Citation. This article shall be known and may be cited as the “Boaters Lien Law”

501. Definitions. As used in this article:

- (a) “Department” means the Department of Motor Vehicles or any successor agency thereto which registers vehicles.
- (b) “Mail” means first-class mail, postage prepaid, unless registered mail is specified. Registered mail includes certified mail.
- (c) “Services” means the making of repairs or performing labor upon or to, and the furnishing of supplies or materials for, any vessel or any trailer used in connection with a vessel.
- (d) “Storage” means the safekeeping, mooring, berthage, wharfage, or anchorage of a vessel and the providing of parking space for any trailer used in connection with the vessel.
- (e) “Vessel” means every description of watercraft, other than a seaplane on the water or a floating home, used or capable of being used as a means of transportation on the water and required to be registered, excluding any vessel which has a valid marine document issued by the United States or any agency thereof. For the purposes of this article, “vessel” includes any trailer used in connection with the vessel which is in the possession of the lienholder at the time the lien arises.

501.3. Time of notice. The time a notice or statement is given or sent, unless otherwise expressly provided, means the time a written notice to a person is deposited in the United States mails; or the time any other written notice is personally delivered to the recipient.

501.5. Other laws affected. The possessory vessel lien procedures described by the provisions of this article shall supersede any local ordinance and shall provide the exclusive means of enforcing these liens. Nothing in this article shall be construed as affecting any maritime lien cognizable under any federal law.

502. Effective time, amount, and elimination of lien. (a) Except as provided in Article 1.5 (commencing with Section 410) of Chapter 1 of Division 3, every person has a lien dependent upon possession of the vessel for the compensation to which he or she is legally entitled for services rendered to or storage of any vessel subject to registration with the Department of Motor Vehicles. The lien shall arise at the time a written statement of lien is sent to the registered owner of the vessel which specifies the charges for services or storage rendered and states that the vessel is subject to sale pursuant to the California Boater’s Lien Law.

(b) Notwithstanding subdivision (a), no lien provided by this section for storage or service provided upon the request of any person other than the legal owner as shown on the registration certificate of the vessel shall be valid against the interest of the legal owner to the extent that the lien exceeds one thousand five hundred dollars (\$1,500) unless the person performing the storage or service obtains the consent of the legal owner to the amount of the excess. The legal owner may limit his or her consent to a specified dollar amount or period of time. The lien claimant shall give actual notice in

writing, prior to exceeding that amount, either by personal service or by registered mail to the legal and registered owner or owners as named and at the addresses as shown on the registration certificate, on a standard form provided by the department, containing a description of the storage or services, or both, a description and registration number of the vessel, the name of the registered owner or owners, the dollar amount or rate of the charges for the storage or services, and a statement in boldface type that, with respect to storage charges, consent of the legal owner shall be presumed unless the legal owner notifies the lien claimant within 15 days of receipt of the request for consent that he or she declines to consent to the storage. The lien claimant shall notify the legal owner as shown on the registration certificate of the vessel, by certified mail, that the vessel is subject to sale pursuant to the California Boater's Lien Law and that the lien claimed exceeds one thousand five hundred dollars (\$1,500).

(c) Notwithstanding subdivision (b), any claim for the cost of services may exceed the estimate given therefor by an amount not in excess of 10 percent thereof and the lien of the lien claimant shall be valid against the legal owner to the full amount of such excess to the same extent as would be a lien for the original estimate.

(d) With respect to claims for storage charges, a legal owner shall be presumed to consent to storage charges if he or she fails to respond to the request for consent set forth in subdivision (b) within 15 days after receipt thereof, such response to be addressed to the lien claimant at the address stated in the request for consent. In addition, consent in all cases is presumed for the 30-day period immediately following the giving of the request for consent notice.

(e) The legal owner may, upon declining consent, remove the vessel from the lien claimant only upon satisfying the lien of the lien claimant.

(f) Any lien arising under this section shall be extinguished, and no lien sale shall be conducted unless, 60 days after the lien arises, the lienholder does either of the following:

(1) Applies to the department for an authorization to conduct a lien sale.

(2) Files an action on the claim in court.

(g) Nothing in this section shall impair any rights or remedies which are otherwise available to the lien claimant against the registered owner under any other provisions of law.

503. Authorization to conduct lien sale of vessels valued at more than \$1,500.

(a) A lienholder shall apply to the department for the issuance of an authorization to conduct a lien sale pursuant to the provisions of this section for any vessel with a value determined to be over one thousand five hundred dollars (\$1,500). A fee shall be charged by the department and may be recovered by the lienholder if a lien sale is conducted or if the vessel is redeemed. The application shall be executed under penalty of perjury and shall include all of the following information:

(1) A description of the vessel, including make, hull identification number, and state of registration, to the extent available.

(2) The names and addresses of the registered and legal owners of the vessel, if ascertainable from the registration certificate within the vessel, and the name and address of any person whom the lienholder knows or reasonably should know claims a proprietary interest in the vessel.

(3) A statement of the amount of the lien and the facts which give rise to the lien. The statement shall include, as a separate item, an estimate of any additional storage costs accruing pending the lien sale.

(b) Upon receipt of an application made pursuant to subdivision (a), the department shall within 15 days thereafter do the following:

(1) Notify the vessel registry agency of a foreign state of the pending lien sale, if

the vessel bears indicia of registration in that state.

(2) By mail, send a notice, a copy of the application, and a return envelope preaddressed to the department to the registered and legal owners at their addresses of record with the department, and to any other person whose name and address is listed in the application.

(3) A vessel registration stop order or title transfer stop order shall be applied by the department at the time the lien claimant requests authorization to conduct the sale.

(4) Notify the applicant of any outstanding property tax lien on the vessel of which the department has been notified pursuant to subdivision (b) of Section 3205 of the Revenue and Taxation Code. The notice required by this paragraph shall identify the county in which any outstanding lien is held.

(c) The notice required pursuant to subdivision (b) shall include all of the following statements:

(1) An application has been made with the department for authorization to conduct a lien sale and the department has placed a vessel registration stop order or title transfer stop order on the vessel.

(2) Each person to whom notice is sent pursuant to subdivision (b) is entitled to a hearing in court if that person so desires.

(3) If a hearing in court is desired, a declaration of opposition, signed under penalty of perjury, is required to be signed and returned to the department within 15 days of the date that the notice required pursuant to subdivision (b) was mailed.

(4) If the declaration of opposition is signed and returned to the department, the lienholder will be allowed to sell the vessel only if he or she obtains a court judgment or a subsequent release from the declarant.

(5) If a court action is filed, the declarant will be served by mail with legal process in the court proceedings at the address shown on the declaration of opposition and may appear to contest the claim.

(6) The person may be liable for court costs if a judgment is entered in favor of the lienholder.

(d) If the department receives the declaration of opposition in the time provided, the department shall notify the lienholder within 16 days of the receipt of the declaration of opposition that a lien sale shall not be conducted unless the lienholder files an action in court within 60 days of the notice. A lien sale of the vessel shall not be conducted unless judgment is subsequently entered in favor of the lienholder or the declarant subsequently releases his or her interest in the vessel.

(e) Service of legal process on the declarant, with return receipt requested signed by the declarant or an authorized agent of the declarant at the address shown on the declaration of opposition, shall be effective. Return of a declaration of opposition shall constitute consent by the declarant to service of legal process for the desired court hearing upon him or her in the foregoing manner. Notwithstanding subdivision (d) of Section 415.3 of the Code of Civil Procedure, if the lienholder has attempted service upon declarant by that method at the address shown on the declaration of opposition and the mail has been returned unclaimed, the department shall promptly authorize the sale.

(f) Upon receipt of authorization to conduct the lien sale, the lienholder shall do all of the following:

(1) At least 10 days, but not more than 30 days, prior to the lien sale, not counting the day of the sale, give notice of the sale by advertising once in a newspaper of general circulation published in the county in which the vessel is located. If there is no newspaper published in the county, notice shall be given by posting a notice of sale form in three of the most public places in the area in which the vessel is located and at the place where the vessel is to be sold for 10 consecutive days prior to and including the day of the sale.

- (2) Send a notice of pending lien sale 20 days prior to the sale, but not counting the day of sale, by mail with return receipt requested, to each of the following:
- (A) The registered and legal owners of the vessel, if registered in this state.
 - (B) All persons known to have an interest in the vessel.
 - (C) The department.
- (g) Upon receipt of the notice, the department shall mark its records and thereafter notify any person having a proprietary interest in the vessel that there is a pending lien sale and that title will not be transferred until the lien is satisfied or released.
- (h) All notices required by this section, including the notice forms prescribed by the department, shall specify the make, hull identification number, and state of registration, if available, and the specific date, exact time, and place of sale.

504. Lien sale procedures for vessels valued at \$1,500 or less. (a) For vessels with a value determined to be one thousand five hundred dollars (\$1,500) or less, the department shall promptly furnish the lienholder with the names and addresses of the registered and legal owners of record.

(b) The lienholder shall, immediately upon receipt of the names and addresses, send by mail, with return receipt requested, a completed notice of pending lien sale form, a blank declaration of opposition form, and a return envelope preaddressed to the department, to the registered owner and legal owner at their addresses of record with the department, to any other person known to have a proprietary interest in the vessel, and to the department.

(c) Upon receipt of the notice, the department shall mark its records and thereafter notify any person having a proprietary interest in the vessel that there is a pending lien sale and that title will not be transferred until the lien is satisfied or released.

(d) All notices shall be signed under penalty of perjury and shall include all of the following information and statements:

(1) A description of the vessel, including make, identification number, and state of registration, to the extent available.

(2) The specific date, exact time, and place of sale, which shall be set not less than 35 days, but not more than 60 days, from the date of mailing.

(3) The names and addresses of the registered and legal owners of the vessel and any other person known to have an interest in the vessel.

(4) All of the following statements:

(A) The amount of the lien and the facts that give rise to the lien. The statement shall include, as a separate item, an estimate of any additional storage costs accruing pending the lien sale.

(B) The person has a right to a hearing in court.

(C) If a court hearing is desired, a declaration of opposition signed under penalty of perjury is required to be signed and returned to the department within 15 days of the date the notice of pending lien sale was mailed.

(D) If the declaration of opposition is signed and returned, the lienholder will be allowed to sell the vessel only if he or she obtains a court judgment or if he or she obtains a subsequent release from the declarant.

(E) If a court action is filed, the declarant will be served by mail with legal process in the court proceedings at the address shown on the declaration of opposition and may appear to contest the claim.

(F) The person may be liable for court costs if a judgment is entered in favor of the lienholder.

(e) If the department receives the completed declaration of opposition within the time provided, the department shall notify the lienholder within 16 days that a lien sale shall not be conducted unless the lienholder files an action in court within 20 days of the notice and judgment is subsequently entered in favor of the lienholder or the

declarant subsequently releases his or her interest in the vessel.

(f) Service on the declarant by mail with return receipt requested, signed by the declarant or an authorized agent of the declarant at the address shown on the declaration of opposition, shall be effective. Return of a declaration of opposition shall constitute consent by the declarant to service of legal process for the desired court hearing upon him or her in the foregoing manner. If the lienholder has attempted service upon the declarant by that method at the address shown on the declaration of opposition and the mail has been returned unclaimed, the lienholder may proceed with the sale.

505. Release of owner's interest. (a) A registered or legal owner of a vessel may release any interest in the vessel after the lien has arisen. The release shall be dated when signed and a copy shall be given at the time the release is signed to the person releasing the interest.

(b) The release shall be in at least 12-point type and shall contain all of the following information in simple, nontechnical language:

(1) A description of the vessel, including the make, the identification number, and the state of registration, to the extent available.

(2) The names and addresses of the registered and legal owners of record with the department, to the extent available.

(3) A statement of the amount of the lien and the facts which give rise to the lien.

(4) A statement that the person releasing the interest understands that (i) he or she has a legal right to a hearing in court prior to any sale of the vessel to satisfy the lien and (ii) he or she is giving up the right to appear to contest the claim of the lienholder.

(5) A statement that (i) the person releasing the interest gives up any interest he or she may have in the vessel and (ii) he or she is giving the lienholder permission to sell the vessel.

(c) The release required by this section shall be filed with the department in connection with any transfer of interest in a vessel following a lien sale.

505.5. Unlawful practices. (a) Whenever the lien upon any vessel is lost by reason of the loss of possession through trick, fraud, or device, the repossession of the vessel by the former lienholder claimant revives the lien, but a lien so revived is subordinate to any right, title, or interest of a person under a sale, transfer, encumbrance, lien, or other interest acquired or secured in good faith and for value between the time of the loss of possession and the time of repossession.

(b) It is a misdemeanor for a person to obtain possession of a vessel or any part of the vessel subject to a lien pursuant to the provisions of this chapter by trick, fraud, or device.

(c) It is a misdemeanor for a person claiming a lien on a vessel to knowingly violate this article.

(d) A person found guilty of a misdemeanor violation of subdivision (b) or (c) shall be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the county jail not to exceed six months, or both that fine and imprisonment.

506. Vessel available for inspection. No lien sale shall be undertaken pursuant to Section 503 or 504 unless the vessel has been available for inspection at a location easily accessible to the public for at least one hour before the sale and is at the place of sale at the time and date specified on the notice of sale. Sealed bids shall not be accepted. The lienholder shall conduct the sale in a commercially reasonable manner.

506.5. Owner redemption of vessel. Within 10 days after the sale of any vessel pursuant to the provisions of Section 503 or 504, the legal or registered owner may redeem the vessel upon the payment of the amount of the lien, all costs and expenses of the lien, together with interest on that sum at the legal rate from the due date thereof until the repayment. If the vessel is not redeemed, all lien sale documents required by the department to effect transfer of title shall then be completed and delivered to the buyer.

507. Fair market value declaration. (a) Except as provided in subdivision (b), at the time a lienholder applies to the department to conduct a sale under Section 504, the lienholder shall submit with the application a declaration by a licensed yacht and ship broker of the fair market value of the described vessel at a specific date within 30 days of that submission. The opinion need not be based upon a marine survey, but shall be based on a physical inspection of the vessel. No cause of action shall lie against the declarant on account of the opinion given.

(b) The declaration specified in subdivision (a) is not required if a public agency removes an abandoned vessel, or arranges, by contract, for the removal of the vessel, from a highway or from public or private property.

(1) For lien sale purposes, the public agency which removed the vessel, or arranged for the removal, shall determine if the estimated value of the vessel that has been ordered removed or stored is one thousand five hundred dollars (\$1,500) or less.

(2) If the public agency fails or refuses to determine the estimated value of the vessel within three days after the date of removal of the vessel, the lienholder or the lienholder's agent shall determine, under penalty of perjury, if the estimated value of the vessel that has been ordered removed or stored is one thousand five hundred dollars (\$1,500) or less.

507.5. Distribution of proceeds of sale. The proceeds of a vessel lien sale shall be disposed of as follows:

(a) The amount necessary to discharge the lien and the actual cost of selling the vessel shall be paid to the lienholder. Actual cost of sale shall include any fees charged by the department, publication fees, postage and service of notices, whether incurred as a result of a sale or redemption by the registered or legal owner without a sale. The actual cost of sale shall not exceed one hundred dollars (\$100) for a vessel without a trailer and one hundred twenty-five dollars (\$125) for a vessel with a trailer, exclusive of the charges of the department.

(b) The balance, if any, shall be forwarded to the department within 15 days of any sale. Within 30 days thereafter, the department shall send notice of the receipt of the funds, if the amount thereof exceeds ten dollars (\$10), to the legal and registered owners at the most current addresses shown in the department's records.

(c) Any person claiming an interest in the vessel may file a claim with the department for any portion of the funds forwarded to the department pursuant to subdivision (b). Upon determination of the department that the claimant is entitled to a portion of those funds, the department shall pay any entitled amount which does not exceed the balance of the funds remaining on deposit with the department that pertain to the vessel. The department shall not honor any claim unless the claim has been filed within three years of the date the funds were received. At the end of each fiscal year the department shall deposit in the Harbors and Watercraft Revolving Fund all funds held by it for which no claim was filed within the three-year period.

508. Requirements for assignment of lien. A lien provided for in this article for repairs, labor, supplies, or materials for, or for storage or safekeeping of, a vessel may be assigned by written instrument accompanied by delivery of possession of the vessel subject to the lien, and the assignee may exercise the rights of a lienholder as provided in this article. Alienholder assigning a lien as authorized in this section shall at the time of assigning the lien give written notice of the assignment either by personal delivery or by certified mail, to the registered and legal owners of the vessel, indicating the name and address of the person to whom the lien is assigned.

508.5. Department forms. All forms required pursuant to this article shall be prescribed by the department. Language used in the notices and declarations shall be simple and nontechnical.

509. Personal property. No lien shall attach to any personal property in or on the vessel except that which is carried on the vessel for lifesavings, safety, mooring, and operating purposes. Personal property not subject to lien shall be given to the registered owner or the owner's authorized agent upon demand.